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Delaware Public Service Commission Joins FERC Transmission Rate Complaint Against Pepco Holdings Inc. Affiliates

On February 27, 2013, the Delaware Public Service Commission joined eight other agencies to file a formal complaint with the Federal Energy Regulatory Commission ("FERC") against Baltimore Gas and Electric Company and the Pepco Holdings, Inc. affiliates: Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company. In this complaint, the state agencies request the FERC issue an order reducing the base return on equity ("Base ROE") in BGE's and the PHI Companies' formula transmission rates to 8.7% and make changes to the formula transmission rate protocols.

FERC approved wholesale transmission rates are essentially the costs for high voltage transmission of energy and are included in Delmarva's standard offer service rates to customers. The current Base ROE formula transmission rate consists of a 10.8% ROE for facilities placed into service before January 1, 2006 and an 11.3% ROE for facilities placed into service on and after January 1, 2006. If approved, the proposed changes would result in a \$3.4 million or 4% savings in the wholesale transmission rate portion of the bill for Delaware customers of Delmarva Power & Light.